

Message Text

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E.O. 11652: N/A
TAGS: ECON, ETRD, NZ, US
SUBJECT: DEPSEC'S STATEMENTS ON NEW ZEALAND MARKET
ACCESS

REF: (A) WELLINGTON 03258; (B) WELLINGTON 03171

1. SUMMARY: DEPUTY SECRETARY CHRISTOPHER'S REMARKS ABOUT
NEW ZEALAND TRADE ACCESS TO US AND OTHER WORLD MARKETS
DURING THE RECENTLY CONCLUDED ANZUS AND NZ-US BILATERAL
MEETINGS HAVE RAISED EXPECTATIONS IN NEW ZEALAND.
ACCORDING TO PRIME MINISTER MULDOON, THEY WILL BE
FOLLOWED UP IN VISITS THIS FALL TO THE US BY HIMSELF AND
FOREIGN MINISTER TALBOYS. THE PURPOSE OF THIS TELEGRAM IS
TO COLLATE IN A SINGLE DOCUMENT THE STATEMENTS ON MARKET
ACCESS WHICH WERE MADE DURING THE DEPSEC'S WELLINGTON
VISIT FOR USE IN USG PREPARATIONS FOR THE FORTHCOMING
VISITS. END SUMMARY.

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2. DURING THE PRESS CONFERENCE AT WHICH PRIME MINISTER
MULDOON ANNOUNCED HIS NOVEMBER VISIT TO PRESIDENT CARTER
(REPORTED REF. A), THE PRIME MINISTER WAS ASKED FOR HIS
REACTION TO COMMENTS BY DEPUTY SECRETARY CHRISTOPHER
(REF. B) THAT THE US ACCEPTS IN PRINCIPLE THAT NEW
ZEALAND SHOULD HAVE ACCESS TO AMERICAN AND OTHER
WORLD MARKETS. MULDOON REPLIED THAT, TAKEN AT FACE VALUE,

THIS REPRESENTED A CONSIDERABLE CHANGE IN THE ATTITUDE OF THE US ADMINISTRATION. HE CAUTIONED, HOWEVER, THAT MR. CHRISTOPHER'S COMMENTS WERE A "VERY AMICABLE EXCHANGE" WHICH HAD YET TO BE TRANSLATED INTO REALITY. THE PRIME MINISTER ADDED THAT HE WOULD FOLLOW UP ON MR. CHRISTOPHER'S COMMENTS WHEN HE VISITS THE US AND THAT FORMIN TALBOYS WILL ALSO EXPLORE THE SITUATION. (MULDOON WILL VISIT WASHINGTON FOR THE IMF/IBRD MEETINGS IN SEPTEMBER AND WILL RETURN IN NOVEMBER FOR AN OFFICIAL VISIT TO PRESIDENT CARTER. HE HOPES TO CALL ON SEVERAL HIGH-LEVEL US OFFICIALS, POSSIBLY SECRETARY BLUMENTHAL AND UNDER SECRETARY COOPER, DURING THE SEPTEMBER VISIT. TALBOYS WILL ATTEND THE UNGA SESSION IN EARLY OCTOBER AND WILL PROBABLY BE SEEKING A BILATERAL MEETING WITH SECRETARY VANCE.)

3. NEW ZEALAND'S NEWS MEDIA WERE NOT AS RESTRAINED AS THE PRIME MINISTER IN THEIR COVERAGE OF THE TRADE ACCESS ASPECTS OF THE ANZUS COMMUNIQUE AND THE PRESS CONFERENCE STATEMENTS BY THE DEPSEC. THE NEW ZEALAND HERALD (AUCKLAND), FOR EXAMPLE, TRUMPETED, "ANZUS PARTNERS SUPPORT ACCESS FOR NZ PRODUCTS" AND THE DOMINION (WELLINGTON) HEADED ITS WRAP-UP STORY ON THE COUNCIL MEETING, "ANZUS TALKS RAISE MEATY ISSUES OF SECURITY IN TRADE." TELEVISION AND RADIO REPORTS AND COMMENTARY WERE IN A SIMILAR VEIN.

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4. SINCE THE DEPUTY SECRETARY'S COMMENTS ON TRADE ACCESS ARE ALMOST CERTAINLY TO BE RAISED REPEATEDLY IN THE NEXT FEW MONTHS, WE THINK IT USEFUL TO RECORD AS PRECISELY AS POSSIBLE IN ONE DOCUMENT THE VARIOUS COMMENTS WHICH WERE MADE DURING THE COURSE OF THE RECENT ANZUS COUNCIL MEETING AND BILATERAL NZ-US TALKS IN WELLINGTON. THEY FOLLOW BELOW:

5. JOINT COMMUNIQUE ON THE ANZUS COUNCIL MEETING, JULY 28, 1977:

"THE MINISTERS RECOGNIZED THAT THE HEALTH OF THE ECONOMIES OF THE THREE PARTNERS IS OF CONCERN TO EACH, FOR IT AFFECTS THEIR CAPACITY TO PLAY THE RESPONSIVE AND RESPONSIBLE ROLE THAT WORLD AND REGIONAL CIRCUMSTANCES DEMAND OF THEM AND WHICH IS THEIR COMMON DESIRE. THEY THEREFORE AGREED THAT THEY WOULD CONSIDER THEIR ECONOMIC RELATIONSHIPS AND MUTUAL PROBLEMS WITHIN THIS LARGER FRAMEWORK."

" . . . "

"... THE MINISTERS AGREED THAT INTERNATIONAL
ACCESS TO MARKETS AND RESOURCES WAS A FACTOR OF
CONTINUING IMPORTANCE TO GLOBAL AND REGIONAL
STABILITY...."

6. DEPSEC'S PRESS CONFERENCE, JULY 27, 1977:

Q: I WOULD LIKE TO KNOW IF YOU DISCUSSED ECONOMIC
MATTERS AT ALL, SAY THE BEEF QUOTA SITUATION?

MR. CHRISTOPHER (C): WE WERE JUST GETTING INTO
ECONOMIC MATTERS AS THE MEETING BROKE UP SO THAT WE COULD

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HAVE A BITE OF LUNCH. AS YOU KNOW, THE UNITED STATES
ACCORDS TO AUSTRALIA AND NEW ZEALAND A VERY SUBSTANTIAL
BEEF QUOTA. INDEED I THINK OUR QUOTA FOR NEW ZEALAND IS AS
MUCH AS FOR 10 OF THE LATIN AMERICAN AND CENTRAL AMERICAN
COUNTRIES. WE RECOGNIZE THE TREMENDOUS VALUE THAT THERE IS
TO THE WORLD IN RELATIVELY FREE TRADE AND WE RECOGNIZE
THE IMPORTANCE OF THESE IMPORTS FROM NEW ZEALAND AND
AUSTRALIA.

Q: WHY DO THEY FLUCTUATE SO MUCH?

C: I CAN'T ANSWER THAT QUESTION EXCEPT THAT THE
MARKET IN THE UNITED STATES IS A FLUCTUATING MARKET.

Q: ON THE BASIS THAT ECONOMIC STABILITY IS PROBABLY AS IMPORTANT TO ANZUS AS MILITARY STABILITY, IS THE UNITED STATES CONSCIOUS THAT NEW ZEALAND BECAUSE OF ITS TRADING PROBLEMS IS HAVING DIFFICULTIES IN MAINTAINING AND DEVELOPING ITS AID TO SOUTH PACIFIC AND ASIA?

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C: WE ARE VERY CONSCIOUS THAT AGRICULTURAL PRODUCTS ARE THE MOST IMPORTANT EXPORTS OF NEW ZEALAND, AND WE ARE VERY ANXIOUS TO PROVIDE MARKETS FOR THOSE EXPORTS SO THAT NEW ZEALAND CAN CONTINUE TO EARN FOREIGN EXCHANGE AND PLAY ITS ROLE, ITS IMPORTANT ROLE, IN WORLD TRADE AND COMMERCE.

7. JOINT PRESS CONFERENCE (DEPSEC CHRISTOPHER, FORMINS TALBOYS AND PEACOCK), JULY 28, 1977:

Q: MR. TALBOYS, COULD I REFER YOU TO THE LAST PARAGRAPH ON PAGE ONE DEALING WITH THE ECONOMIC HEALTH OF THE MEMBER COUNTRIES OF ANZUS (PARA. 5, ABOVE). DOES THIS SUGGEST RECOGNITION OF NEW ZEALAND AS THE ECONOMICALLY WEAKER OF THE THREE PARTNERS COULD EXPECT A BETTER TRADING DEAL WITH THE U.S.?

MR. TALBOYS: WELL, I CERTAINLY IMAGINE THAT IT CERTAINLY RECOGNIZES THE FACT. I DON'T THINK WE NEED A COMMUNIQUE TO RECOGNIZE THE FACT THAT THE NEW ZEALAND ECONOMY IS FAR MORE VULNERABLE THAN THE OTHER TWO. WHAT THIS OBVIOUSLY INDICATES IS AN ATTITUDE, NOT ONLY IN THE INTERESTS OF THE WELL BEING OF THE NEW ZEALAND ECONOMY, BUT IN THE INTERESTS OF THE, OF ANZUS AS A GROUP, AN ATTITUDE TOWARDS THE FURTHER NEGOTIATIONS THAT WILL COME UP, PARTICULARLY IN THE MTN. IN RELATION TO TRADE IN AGRICULTURAL PRODUCTS WHICH ONE COULDN'T, I WOULDN'T ATTEMPT TO QUANTIFY THIS.

Q: IS IT CLEAR RECOGNITION OF YOUR POINT OF VIEW THAT THE MAJOR PARTNERS IN ANZUS RECOGNIZE THAT NEW ZEALAND NEEDS ECONOMIC OR TRADING HELP?

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MR. TALBOYS: WELL WHAT WE ARE TALKING ABOUT IS TRADING OPPORTUNITIES. I THINK THIS IS SPECIFICALLY WHY THIS IS HERE.

Q: COULD I ASK MR. CHRISTOPHER IF THE UNITED STATES MIGHT BE PREPARED TO INCREASE ITS IMPORTS FROM NEW ZEALAND TO ASSIST NZ ECONOMICALLY?

MR. CHRISTOPHER: LET ME ANSWER THAT IN A SOMEWHAT BROADER CONTEXT. I'M VERY PLEASED THAT THAT PARAGRAPH IS IN THE COMMUNIQUE. THE WHOLE WESTERN WORLD IS EMERGING MORE SLOWLY THAN WE WOULD LIKE FROM A DEEP DEPRESSION. I THINK THE UNITED STATES FEELS A PARTICULAR RESPONSIBILITY TO STIMULATE ITS ECONOMY AND TO URGE THE STIMULATION OF OTHER ECONOMIES ROUND THE WORLD OF MAJOR COUNTRIES SUCH AS GERMANY AND JAPAN, SO AS TO TRY TO PRODUCE A GREATER LEVEL OF PROSPERITY AROUND THE WORLD. NOW HAVING IN MIND ALWAYS THE DANGERS OF INFLATION, WE ARE TRYING TO STIMULATE OUR ECONOMY SO THAT WE WILL HAVE MORE DOLLARS WITH WHICH TO BUY PRODUCTS FROM NEW ZEALAND AND AUSTRALIA, MORE OPPORTUNITIES FOR YOU TO EXPORT PRODUCTS TO OUR COUNTRIES. WE ARE VERY CONSCIOUS OF THE ECONOMIC PROBLEMS OF NEW ZEALAND AND AUSTRALIA, AND, WHILE THESE PROBLEMS ARE EXCEEDINGLY COMPLEX AND DIFFICULT, WE WANT TO TRY TO WORK WITH YOU IN FINDING SOLUTIONS TO THEM. ONLY COUNTRIES WITH HEALTHY ECONOMIES ARE ABLE TO CARRY OUT THEIR SECURITY COMMITMENTS, AND THUS, AND STRENGTH OF THE ECONOMY OF THESE COUNTRIES ARE DIRECTLY RELEVANT TO THE BASIC UNDERLYING CONCEPTS OF ANZUS.

Q: SO ARE YOU ACCEPTING, OR IS THE STATES ACCEPTING IN PRINCIPLE IN THIS CLAUSE THAT NEW ZEALAND DOES NEED BETTER TRADING ACCESS?

MR. CHRISTOPHER: YES, WE ARE ACCEPTING IN PRINCIPLE THE NOTION THAT NEW ZEALAND OUGHT TO HAVE BETTER TRADING

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ACCESS, NOT ONLY TO THE UNITED STATES BUT TO THE MARKETS OF THE WORLD. WE UNDERSTAND YOUR RELIANCE ON AGRICULTURAL PRODUCTS. WE HOPE TO FIND INCREASED OPPORTUNITIES CONSISTENT WITH THE MAINTENANCE OF PROPER BALANCE OF TRADE FOR NEW ZEALAND TO TRADE WITH THE MORE INDUSTRIALIZED COUNTRIES.

8. ANZUS COUNCIL MEETING, 1ST SESSION, WORLD ECONOMIC SITUATION, JULY 27, 1977 (FROM EMBASSY OFFICER'S NOTES):

"MR. TALBOYS OPENED THE DISCUSSION BY EMPHASIZING NEW ZEALAND'S ECONOMIC PLIGHT AND APOLOGIZING THAT NEW ZEALAND FOUND IT NECESSARY TO ASK FOR SPECIAL TREATMENT FROM ITS ALLIANCE PARTNERS IN ITS EFFORTS TO COMBAT ITS ECONOMIC DIFFICULTIES. HE POINTED TO THE FACT THAT NEW ZEALAND'S CAPACITY TO PLAY ITS PART IN AID, AS AN EFFECTIVE ANZUS PARTNER, DEPENDED ON THE EFFECTIVE SURVIVAL OF THE COUNTRY'S ECONOMY AND ON THE OPPORTUNITY TO MARKET EFFECTIVELY A LIMITED RANGE OF AGRICULTURAL

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PRODUCTS.

"THE DEPUTY SECRETARY REPLIED THAT THERE WAS NO NEED FOR AN APOLOGY FOR AN ALLIANCE SUCH AS ANZUS MUST CONCERN ITSELF WITH THE BROADEST RANGE OF CONCERNS OF ITS MEMBERS. FOR NEW ZEALAND, HE ADDED, IT WAS CLEAR THAT ECONOMIC QUESTIONS, PARTICULARLY ACCESS TO WORLD MARKETS, WERE PRIMARY CONCERNS." (IN RESPONSE TO QUERIES FROM THE PRESS AFTER THE FIRST DAY'S SESSIONS, MR. TALBOYS NOTED THAT MR. CHRISTOPHER HAD NOT SAID IN SO MANY WORDS THAT THE US WOULD OPEN ITS DOORS WIDER TO NEW ZEALAND EXPORTS. "THAT IS NOT WHAT HE IS HERE FOR," DECLARED TALBOYS, BUT HE WENT ON TO NOTE THAT MR. CHRISTOPHER HAD GIVEN HIM AN INDICATION OF SYMPATHY

AND AN APPRECIATION OF NEW ZEALAND'S ECONOMIC SITUATION
RELATIVE TO ITS CAPACITY TO PLAY ITS ROLE IN THE ALLIANCE.)

9. US-NZ BILATERAL TALKS, JULY 28, 1977 (FROM EMBASSY
OFFICER'S NOTES):

"MR. TALBOYS THEN TURNED TO ECONOMIC SUBJECTS. TO PAINT IN THE BACKGROUND, HE SAID, NEW ZEALAND'S ECONOMY WAS SHAPED BY 100 YEARS OF ASSOCIATION WITH THE BRITISH MARKET. NEW ZEALAND IS NOW TRYING GRADUALLY TO RESHAPE THIS. HE RECOUNTED HIS EXPERIENCE ON HIS RECENT EEC TRIP. WHAT ONE GETS OUT OF A VISIT TO EEC, HE SAID, IS A REALIZATION THAT TRADE IN TEMPERATE AGRICULTURAL PRODUCTS IS AN EXCEPTION TO WHAT THE EUROPEANS HAVE IN MIND WHEN THEY SPEAK ABOUT TRADE LIBERALIZATION. NEW ZEALAND IS SEEKING TO GET A FORTHCOMING ATTITUDE IN THIS REGARD INTO THE MULTI-LATERAL TRADE NEGOTIATIONS, FOR, MR. TALBOYS DECLARED, THIS DETERMINES WHETHER NEW ZEALAND FLOURISHES OR NOT. WE ARE WORKING ON JAPAN, HE SAID, AND HOPE TO GET LIMITED OFFICIAL USE

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LIBERALITY OUT OF THE MTN. THE NEW ZEALAND GOVERNMENT RECOGNIZES THAT THE U.S. HAS ADOPTED A MORE GENEROUS ATTITUDE THAN ANY OTHER COUNTRY AROUND THE WORLD.

"IN RESPONSE, MR. CHRISTOPHER SAID THAT THOUGH HIS REMARKS TO THE PRESS (ABOUT INCREASED ACCESS TO U.S. MARKETS) WERE SINCERE AND NOT CONTRIVED, IF ONE WERE TO BE CRITICAL THEY COULD BE LABELED GLITTERING GENERALITIES. HE THEN WENT ON TO MAKE A SERIES OF INQUIRIES ABOUT NEW ZEALAND'S TRADE IN FOREST PRODUCTS, ITS SOURCES OF OIL, THE POSSIBILITIES FOR DOMESTIC COAL PRODUCTION, AND GOVERNMENTAL INCENTIVES FOR EXPORT EXPANSION. DISCUSSION, BUT NO CONCLUSIONS, FOLLOWED ON THESE POINTS. THE DEPSEC ALSO INQUIRED WHETHER THERE WAS ANY WAY THE U.S. COULD HELP (NEW ZEALAND WITH ITS TRADE ACCESS PROBLEMS) WITH JAPAN. MR. TALBOYS REPLIED THAT ANY HELP IS WELCOME AND THEN DESCRIBED THE ENVIRONMENT FOR NEW ZEALAND'S BEEF SALES IN JAPAN." (COMPLETE MINUTES OF THE US-NZ BILATERAL TALKS FOLLOW BY SEPTEL.) SELDEN

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